

An embattled EPA declares biofuels volumes for 2016

By **Chris Mooney** November 30, 2015

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An ethanol plant stands next to a cornfield near Nevada, Iowa in this July 20, 2013 photo. (AP Photo/Charlie Riedel)

The EPA called on Monday for an increase in the amount of ethanol and other renewable fuels blended into the nation's overall fuel supply next year, but stopped far short of mandating the volume of biofuels once envisioned for 2016.

The agency has been walking a tightrope between the demands of ethanol producers, who have generally supported the ever increasing statutory requirements, and the petroleum and refining industries, which have said that absorbing more biofuels into the fuel supply is not feasible.

Thus on Monday the EPA set out a goal of 18 billion gallons of renewable fuels overall for 2016, an increase from what the agency had suggested in June but far less than the renewable fuel level anticipated by the statute at issue, a 2007 law that envisioned 22.25 billion gallons by 2016.

"The volumes we think are considerable, and really set a good direction and a stable signal for the industry to really produce both total renewable fuel in 2016, and also advanced fuel," said Janet McCabe, the acting assistant administrator of the EPA's Office of Air and Radiation.

The agency said it formulated this policy based on more than 670,000 comments from the public. But the move appeared unlikely to quiet dispute about the nation's renewable fuels policy, encoded in the Renewable Fuel Standard, originally created in 2005 energy legislation and then subsequently expanded in 2007.

The goal of the legislation was to ensure the blending of ever-increasing amounts of biofuels into the nation's transportation fuels, supplanting more and more petroleum and ultimately culminating in 36 billion gallons of renewable fuels by the year 2022, or roughly double the amount just mandated for 2016.

There were multiple justifications for this move — including not only reducing dependence on foreign oil, but also helping to battle climate change. But the RFS in recent years has

increasingly pitted two groups against one another — fuel refiners who blend renewable fuels into their products and have decried increasing volume requirements, and ethanol producers themselves — with the EPA stuck in the middle.

The agency has accordingly missed a series of deadlines to promulgate annual volume requirements for biofuels, leading to a lawsuit earlier this year by the American Petroleum Institute and American Fuel and Petrochemical Manufacturers. In settling the suit, the EPA pledged to finalize overdue 2014 and 2015 rules and also a 2016 rule by Nov. 30. That's what was released Monday.

"This puts us back on track in terms of our statutory schedule, and we intend to stay on it," McCabe said.

But others were more critical of the situation. "Regardless of the numbers, we are now discussing volumes for 2014 and 2015 on November 30, 2015," said Stephen Brown, vice president and counsel for federal affairs at Tesoro Companies, a major refiner. "This is a classic case of the horse has left the barn."

A storm of factors have recently made the well-meaning Renewable Fuel Standard difficult to implement. Decreasing demand for gasoline overall has meant that the supply of total fuels, into which biofuels can be blended, is somewhat smaller than expected, even as total amounts are supposed to grow progressively larger under the RFS. This has led to a situation in which a so-called "blend wall" was reached in the year 2013.

The "blend wall" problem arises from the fact that most cars are not approved to drive on more than 10 percent ethanol fuel, or E10, according to AAA. So blending at levels higher than 10 percent could "result in significant problems such as accelerated engine wear and failure, fuel-system damage and false check engine lights," says the group.

Another problem is that while much of the 2022 biofuel total is expected to come from "conventional" biofuels like corn-based ethanol, more and more is envisioned to come from "advanced" biofuels like cellulosic ethanol, made from corn stover, wood chips, and other sources. So far, though, advanced fuel volumes still remain relatively low. While EPA said Monday that it will bump requirements of cellulosic ethanol to 230 million gallons for 2016, that's still a small fraction of the overall fuel supply or even of its renewable component.

"Technologies for advanced fuels...have not developed as fast as congress had anticipated," said McCabe on a press call with reporters Tuesday.

As a result of such factors, "the RFS currently is imposing costs while failing to provide the future benefits associated with domestic, low-greenhouse gas, second-generation advanced biofuels," notes a recent study of the policy by the Columbia Center on Global Energy Policy.

The new policy quickly drew praise — and criticism — from parties involved in the renewable fuels debate.

“The EPA volumes announced today are a move in the right direction, and they correctly call the oil industry’s bluff about our ability to surpass 10 percent ethanol use in the U.S.,” declared Jeff Broin, head of top ethanol producer POET, in a statement.

By contrast, Chet Thompson, president of the American Fuel and Petrochemical Manufacturers, declared in a statement that “Today’s rule is further proof that the RFS program is irreparably broken and that the only solution is for Congress to repeal it outright.” Tesoro’s Brown added that with the new policy, “they have breached the blend wall.”

McCabe was a bit less direct about this on a press call, however, saying that “Over time there will be more and more choice in renewable fuels available to consumers and that means there will be more available than what people refer to as the blend wall.”

But she added that if more cars run on higher blend fuels like E15 or E85, and if more gasoline stations supply these fuels, that problem could be addressed.

In any case, McCabe says that on renewable fuels, EPA is turning matters around. “We think that we’re doing just what Congress intended that we do, which is push ambitious but reasonable and achievable growth in 2016,” she said.



Chris Mooney reports on science and the environment.